

STATE OF ARKANSAS

DEPARTMENT OF FINANCE AND ADMINISTRATION

CONSOLIDATED INCENTIVE ACT OF 2003 INVESTMENT INCOME TAX CREDIT PROGRAM

ARKPLUS

FORMS AND INSTRUCTIONS

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(Note: These forms are needed for the term of the agreement and may be copied. The business is encouraged to use computer-generated spreadsheets, when convenient, to provide the required information.)

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
TAX CREDITS/SPECIAL REFUNDS SECTION

CONSOLIDATED INCENTIVE ACT OF 2003

ARKPLUS PROGRAM

GENERAL INSTRUCTIONS - INCOME TAX CREDITS

- 1) Eligible participants must have entered into a financial incentive agreement with the Arkansas Department of Economic Development (ADEED) in order to receive the investment income tax credits under this program. To receive these credits, the following forms must be submitted: (Copies are included for your use)

a) FORM ARKPLUS 2000 - ANNUAL INCENTIVE PLAN EXPENDITURE REPORT

This report must be filed at the end of the tax year which the requisite investment threshold has been met and for each tax year, or part thereof, during the term of the agreement. This report shall account for those investment costs made in connection with the project. Investment costs for the qualified project must be incurred within four (4) years from the date of the financial incentive agreement. An itemized schedule must be submitted detailing such information as vendor, invoice numbers, invoice date, description of expenditure, and other information substantiating amounts shown on this form. Source documents must be available when verification takes place by the Department of Finance & Administration.

b) EMPLOYEE PAYROLL CERTIFICATION

This form shall be used to certify to the Department of Finance and Administration that the business has reached the requisite payroll of the new full time permanent employees. It shall be submitted each subsequent tax year to certify that the annual payroll threshold of the new full time permanent employees has been maintained. "New full time permanent employee" means a position or job which was created as a result of the financial incentive agreement and that is filled by one or more employees or contractual employees who were Arkansas taxpayers. The position or job held by the employee shall have been filled for at least 26 consecutive weeks with an average of at least 30 hours per week. In order to qualify for the provisions of this act a contractual employee must be offered a benefits package comparable to a direct employee of the business.

c) NEW FULL TIME PERMANENT EMPLOYEES WORKSHEET

These worksheets shall substantiate qualified new full time permanent employees and their annual wages. It is essential that records be maintained for each new position detailing information on the employee(s) that worked in that position. This includes information such as position control number, date position created, employee's name, social security number, hire date and termination date. Also, it will be necessary to provide records to show the existing employees prior to the business being approved for the program.

- 2) The above items should be completed as explained above and mailed to the following address:

**Department of Finance and Administration
Tax Credits/Special Refunds Section
P.O. Box 1272
Little Rock, AR 72203-1272**

- 3) Upon receipt of the above items, the information will be forwarded to a field tax auditor for review. The contact person for the company will be notified of the review and arrangements will be made to meet at a mutually convenient time. Note: Failure to submit the required documents timely, or in the manner requested, may cause delay in earning tax credits.
- 4) After the review is completed by the auditor, this office will issue an Income Tax Credit Memorandum. This credit must be attached to the tax return for the tax year in which the credit was earned. The amount of credit taken in any tax year shall not exceed 50% of the business's income tax liability resulting from the project or facility. Unused credits may be carried forward for up to nine (9) years after the tax year in which the credit was first earned.
- 5) In addition to the above procedures, the business must comply with all provisions provided within the Consolidated Incentive Act of 2003, and any such promulgated rules and regulations.

Should you have any questions regarding these procedures, please contact this office at (501) 682-7106.

STATE OF ARKANSAS

CONSOLIDATED INCENTIVE ACT OF 2003

ARKPLUS PROGRAM

ANNUAL INCENTIVE PLAN EXPENDITURE REPORT

To: Department of Finance and Administration
Tax Credits Section
P.O. Box 1272
Little Rock, AR 72203

I, _____, certify that _____
(Please print corporate officer) (Company Name shown on ArkPlus Agreement)

incurred the following project costs pursuant to the signed financial incentive agreement dated _____.

Pursuant to the agreement, an income tax credit will be issued for the tax year in which the requisite investment threshold of \$_____ for tier level _____ is met, and for each subsequent tax year, or part thereof, during the term of the agreement.

The below certified investment occurred during the period _____ through _____.

The company's tax year ends: _____
(mm/dd/yyyy)

Land \$ _____

Building \$ _____

Machinery & Equipment \$ _____

Costs Related to Licensing and Protecting Intellectual Property \$ _____

Total Qualified Investment Costs \$ _____

Credit equal to 10% of Total Qualified Investment Costs \$ _____

An itemized schedule including description of the expenditures, expenditure amounts, vendor names, invoice numbers, invoice dates must be attached. Failure to submit all required information will result in a delay in the issuance of credit.

(Authorized Signature) (Title) (Date)

(Address) (Telephone)

(City) (State) (Zip Code)

(Contact Person Responsible for Filing this Form) (Contact's Telephone)

Type of Entity (C Corp, Sub S, LLC, Partnership, etc.) ** (FEIN of Business)

**For an entity other than C Corporation, please attach a separate schedule listing each shareholder or partner, their Social Security Number or FEIN, and percentage of ownership so that credit can be properly allocated.

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CONSOLIDATED INCENTIVE ACT OF 2003

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NEW FULL TIME PERMANENT EMPLOYEE PAYROLL CERTIFICATION

I, _____ (Principal Officer) of
_____ (Company Name), certify to the Department
of Finance and Administration that the company has met the minimum annual payroll
threshold of \$_____ required for tier level _____ as of
_____ (Mo, day and yr), in compliance with the financial incentive
agreement dated _____ between the Arkansas Department of Economic
Development and "Company".

Pursuant to the financial incentive agreement, the company shall recertify
the number of new full time permanent employees and payroll amounts annually for
term of the agreement.

For the period _____ thru _____, I certify that the
number of new full time permanent employees is _____ and their annual
payroll is \$_____. (As evidenced by the attached New Full Time
Permanent Employee Worksheets)

Signature/Title: _____

Date: _____

Contact
Person: _____

Contact's
Phone # _____

Send completed certificate and new full time permanent employee worksheets to:

Department of Finance and Administration
Tax Credits/Special Refunds Section
P.O. Box 1272
Little Rock, AR 72203

NEW FULL TIME PERMANENT EMPLOYEE WORKSHEET

PAYROLL PERIOD _____ - _____ TAX YEAR _____

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